

## **Completing the 2000-2001 FAFSA**

### **Free Application for Federal Student Aid**

#### **why do I need to file a FAFSA?**

The Department of Education uses the information provided on your FAFSA to determine your eligibility for aid from the federal Student Financial Assistance (SFA) programs described below. Many states and schools also use the FAFSA to award aid from their programs. Some states and schools may require you to fill out additional forms.

The information you report on your FAFSA is used to calculate an "Expected Family Contribution," or EFC, according to a congressionally determined formula. Your school will use your EFC to determine your need and what federal, state, and institutional aid you are eligible to receive.

This web site explains how to properly complete a FAFSA, the purpose of the FAFSA questions, and how to report information in some unusual cases. There are also several Frequently Asked Questions (FAQs) and answers. If you have questions about federal student aid, you can also call 1-800/4-FED-AID or contact your financial aid administrator (FAA). You can also go to the Department's web site at <http://www.ed.gov/studentaid>

This site will be more useful if you have a copy of the FAFSA in front of you. You can get a FAFSA at the school you plan to attend or your local library, from your high school counselor, or from the Federal Student Aid Information Center at 1-800/4-FED-AID. You can also access various electronic versions of the FAFSA, including *FAFSA on the Web* and *FAFSA Express* downloadable software.

As its name implies, filing a FAFSA is free. There are no fees to process the FAFSA, whether you file by paper or electronic means.

If you applied for aid last year, you may not have to complete an entire FAFSA, but can instead use a Renewal FAFSA preprinted with last year's data and simply change or add information as needed. There is also a renewal version of *FAFSA on the Web*. (Photocopies of Renewal FAFSAs cannot be processed, due to image-scanning technology.)

For purposes of this web site, "you" and "your" refer to the student. "School" refers to the school, college, or postsecondary institution you attend (or are applying to).

## what are the SFA programs?

Your financial aid package is likely to include funds from the SFA programs. Note that not all schools participate in all SFA programs. These programs, described below, are administered by the U.S. Department of Education and provide over \$33 billion a year to students attending postsecondary schools:

- **Federal Pell Grants** are available to undergraduate students only. Grants do not have to be repaid. For the 1999-2000 school year, Federal Pell Grant awards ranged from \$400 to \$3,125.
- **Federal Stafford Loans** are student loans that must be repaid and are available to both undergraduate and graduate students. If your school participates in the William D. Ford Federal Direct Loan (Direct Loan) Program, the federal government provides the funds for your Stafford Loan. If your school participates in the Federal Family Education Loan (FFEL) Program, a private lender provides the funds for your Stafford Loan, although the federal government guarantees the loan funds. First-year undergraduates are eligible for loans up to \$2,625. Amounts increase for subsequent years of study, with higher amounts for graduate students. The interest rate is variable, but never exceeds 8.25 percent.

If you qualify (based on need) for a **subsidized** Stafford loan, the government will pay the interest on your loan while you are in school, during grace periods, and during any deferment periods. You are responsible for paying all of the interest that accrues on an **unsubsidized** Stafford Loan.

- **Federal PLUS Loans** are unsubsidized loans made to parents. If you are independent or your parents cannot get a PLUS loan, you are eligible to borrow additional Stafford Loan funds. The PLUS Loan interest rate is variable, but never exceeds 9 percent.
- **Campus-Based Programs** are administered by participating schools. There are three of these programs. **Federal Supplemental Educational Opportunity Grants** are grants available for undergraduates only; awards range from \$100-\$4,000. **Federal Work-Study** provides jobs to undergraduate and graduate students, allowing them to earn money to pay education expenses. **Perkins Loans** are low-interest (5 percent) loans that must be repaid; the maximum annual loan amount is \$4,000 for undergraduate students and \$6,000 for graduate students.

## am I eligible for student aid?

Some of the requirements to receive aid from federal SFA programs are that

you must

- be a citizen or eligible noncitizen of the U.S. with a valid Social Security Number;
- have a high school diploma, General Education Development (GED) certificate or equivalent home-school credential, or pass an approved “ability to benefit” test;
- enroll in an eligible program as a regular student seeking a degree or certificate; and
- register (or have registered) for Selective Service, if you are a male between the ages of 18-25.

Keep in mind that your school can only check eligibility requirements like enrollment status **after** they receive your Student Aid Report (SAR).

### **how do I complete the FAFSA?**

To complete a paper FAFSA, use black ink or a No. 2 pencil. Dollar amounts should be rounded to the nearest whole dollar. Dates must be reported in numbers in the boxes provided, such as 05142000 for May 14, 2000. Print clearly in capital letters and skip a space between words.

You need the following records to answer questions on the FAFSA:

- Your Social Security card
- Your driver's license
- Your W-2 Forms and other 1999 records of money earned
- Your 1999 income tax return – IRS Form 1040, 1040A, 1040EZ, 1040Telefile, foreign tax return, or tax return for Puerto Rico, Guam, American Samoa, the Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau (see Step Two for instructions if you have not yet filed your tax return)
- Untaxed income records – Social Security, Temporary Assistance to Needy Families, welfare, or veterans benefits records
- Current bank statements
- Current business and investment mortgage information
- Business and farm records

- Stock, bond, and other investment records

If you are a dependent student (as defined in Step Three), you will also need all the records listed above from your parents except for their driver's licenses.

For 2000-2001, you should apply as soon after January 1, 2000 as possible. Applications received before January 1, 2000 will not be processed. If you submit a FAFSA before this date, you will have to reapply. The Department must receive your application no later than July 2, 2001.

To comment on the design of the FAFSA, e-mail your comments to FAFSA\_Admin@ncs.com. This address is only for receiving feedback; you will not get a response to any comments you send.

Be sure to read **Information on the Privacy Act and Use of Your Social Security Number**.

### **what is a Renewal FAFSA?**

The Renewal FAFSA is designed for students who have applied for aid the previous year. If you file a Renewal FAFSA, many answers are based on your prior year's application, which cuts down on the number of questions you have to complete. Only the questions that have changed since last year must be answered. You can file a paper or an electronic Renewal FAFSA. The electronic version, Renewal FAFSA on the Web, requires a Personal Identification Number (PIN), formerly known as an EAC. To request a PIN or to access your PIN if you have forgotten it, go to <http://pin.ed.gov>

The Department's processor analyzes FAFSA information and calculates an Expected Family Contribution (EFC) for every student, according to a formula set by Congress. For 2000-2001, the Department's processor will mail Renewal FAFSAs to students who applied for federal student aid in 1999-2000 and who meet certain conditions—for instance, their SSNs and addresses were valid, they were not in default, etc. If your school requests a Renewal FAFSA for you, the Department will not send it to you directly.

### **what happens after I apply?**

After receiving your completed application, the Department's processor will produce and mail you a Student Aid Report (SAR). The SAR will report your application information and your Expected Family Contribution (EFC). The EFC is the number used in determining your eligibility for federal student aid. Your application information will also be sent to the schools you list on the FAFSA. Your school must have your SAR information before the last date of the enrollment period during which you wish to be eligible for aid.

You can check the status of your application by calling 1-800/4-FED-AID, or on the web at <http://www.fafsa.ed.gov> in the "Check my Submitted FAFSA" section. Please wait at least 10 days after you submit your FAFSA before checking its status electronically.

### **how will I receive my financial aid?**

Aid from the SFA programs will be paid to you through your school. The school will notify you of your aid package by sending you an award letter. Your aid awards will likely be disbursed each semester, quarter, or other payment period. Typically, your school will first use the aid to pay tuition and fee charges and room and board, if provided by the school. The remainder will be paid to you for your other educationally related expenses.

The school to which you are applying will prepare a financial aid package to help meet your financial need. **Financial need** is the difference between your school's **cost of attendance** (including living expenses), as calculated by your school, and your **EFC**.

The amount of your financial aid award depends on whether you're a full-time or part-time student and whether you attend school for a full academic year or less. If you believe that you have special circumstances that should be taken into account, such as unusual medical or dental expenses or a significant change in income from one year to the next, contact the financial aid administrator at the school(s) to which you are applying.

## **Step One**

**Purpose:** Step One collects personal identification information (name, telephone number, address, Social Security Number, and so on). This step includes a question about citizenship status because you must be a U.S. citizen or eligible noncitizen to receive federal student aid. If you are a dependent student, your parents' income and asset information must also be reported separately in Step Four.

**Name.** Your name, along with other identifying information, is used to confirm eligibility with other federal databases.

Because the Department matches each name and Social Security Number (SSN) with the Social Security Administration (SSA), the name provided here should match the name on your Social Security card. If you use a name other than the name on your Social Security card (such as a nickname), you will receive a comment about the inconsistency, which may delay awarding your aid.

**Permanent Mailing Address.** You must give a permanent home mailing address (not a school or office address).

An incarcerated student may use his or her school's administrative address. If such a student uses a school's administrative address, the school's financial aid administrator (FAA) must include a letter with the FAFSA indicating that the student is incarcerated and is therefore using the school's address.

Use the "State Abbreviations" list when entering your state.

### State Abbreviations

AL Alabama	IA Iowa	NC North Carolina	WI Wisconsin
AK Alaska	KS Kansas	ND North Dakota	WY Wyoming
AS American Samoa	KY Kentucky	OH Ohio	Military:
AZ Arizona	LA Louisiana	OK Oklahoma	AA
AR Arkansas	ME Maine	OR Oregon	AE
CA California	MD Maryland	PA Pennsylvania	AP
CO Colorado	MA Massachusetts	PR Puerto Rico	CN Canada
CT Connecticut	MI Michigan	RI Rhode Island	FM Federated
DE Delaware	MN Minnesota	SC South Carolina	States of
DC District of Columbia	MS Mississippi	SD South Dakota	Micronesia
FL Florida	MO Missouri	TN Tennessee	MH Marshall
GA Georgia	MT Montana	TX Texas	Islands
GU Guam	NE Nebraska	UT Utah	MX Mexico
HI Hawaii	NV Nevada	VT Vermont	MP Northern
ID Idaho	NH New Hampshire	VI Virgin Islands	Mariana
IL Illinois	NJ New Jersey	VA Virginia	Islands
IN Indiana	NM New Mexico	WA Washington	PW Palau
	NY New York	WV West Virginia	

**Social Security Number (SSN).** Generally, you must have a Social Security Number (SSN) to be eligible for federal student financial aid. If you submit a FAFSA without an SSN, your FAFSA will be returned to you unprocessed. The Privacy Act Statement gives information about how your SSN may be used.

To apply for an SSN or to get a replacement Social Security card if yours has been lost or stolen, contact your local Social Security office. For additional information (in English or Spanish), you can call the SSA at 1-800/772-1213 or go to their web site at <http://www.ssa.gov>

The **one exception to the SSN requirement** is for students from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau. If you do not have an SSN, you can contact an FAA for assistance or send your FAFSA to the following address—not to the address on the FAFSA or the FAFSA envelope:

Federal Student Aid Programs  
P.O. Box 4003  
Mount Vernon, IL 62864-8603

**Driver's License Number and State.** You must provide your driver's license number or the number on the identification card issued by your state Department of Motor Vehicles. If you do not have a driver's license or identification card, enter "no" in the question that asks whether you have a driver's license and leave the driver's license number and state questions blank.

**Citizenship Status.** You can receive federal student financial aid only if you are a U.S. citizen or an eligible noncitizen. If you have changed from a noncitizen to a citizen and have not already done so, contact the Social Security Administration (SSA) to update your status with that agency. Otherwise, the SSA may report that you are not a citizen, and you will have to provide citizenship documentation before receiving aid.

For financial aid purposes, an **eligible noncitizen** is one of the following:

- a U.S. permanent resident who has an Alien Registration Receipt Card (I-551),
- a conditional permanent resident (I-551C),
- a noncitizen with an Arrival-Departure record (I-94) from the U.S. Immigration and Naturalization Service showing any one of the following designations: "Refugee," "Asylum Granted," "Indefinite Parole," "Humanitarian Parole," or "Cuban-Haitian Entrant."

You are **neither a citizen nor an eligible noncitizen** if you are in the U.S. on

- an F1 or F2 student visa, or
- a J1 or J2 exchange visitor visa, or
- a G series visa (pertaining to international organizations), or
- any other temporary U.S. visa

and are not eligible for federal student aid. However, you may be eligible for state or institutional aid and may therefore wish to complete the FAFSA.

**Alien Registration Number (ARN).** If you are an eligible noncitizen, enter your eight- or nine-digit ARN. Leave the first space blank if you have an eight-digit ARN.

If you answer "yes" to the question asking whether you are a U.S. citizen, do not write an ARN in this question. If an ARN is present, the Department will check with the Immigration and Naturalization Service to confirm your status.

**Marital Status.** Your marital status directly affects how your income and assets are treated in the EFC calculation. Marital status **cannot be projected**—you must report your marital status as of the date the application is completed.

**Date of Marital Status.** You should enter the date you married, divorced, separated, or were widowed. If you never married, leave this question blank. If your current marital status is "divorced," enter the date you separated or became divorced, whichever was earlier.

**Enrollment Status.** A financial aid administrator (FAA) will look at your expected enrollment status as a factor in determining your financial aid package. If you change your enrollment status, your FAA may be able to adjust your award to reflect this change, depending on the timing of the change, how much aid is available, etc.

You should enter your expected enrollment status for the 2000-2001 school year. If applying to more than one school, you should provide the enrollment status and school terms that apply to the school you are likely to attend and list that school first. If unsure of your enrollment status, you should select "full time."

For undergraduates, "full time" generally means taking at least 12 credit hours in a term or 24 clock hours per week. "Three-quarter time" generally means taking at least 9 credit hours in a term or 18 clock hours per week. "Half time" generally means taking at least 6 credit hours in a term or 12 clock hours per week.

**Father's/Mother's Highest School Level.** These questions are for state scholarship purposes only and do not affect your eligibility for federal student aid. Some state and institutional programs offer aid to first-generation college students.

Enter the highest grade level completed by your father and mother. "Father" and "mother" in these questions mean your birth parents, adoptive parents, or legal guardian(s), but not stepparents or foster parents. Note that **this definition of parents is unique to these two questions.**

**State of Legal Residence.** The Department will disclose your FAFSA information to each school listed on the FAFSA, state agencies in your state of legal residence, and state agencies in the state in which the school is located. State and institutional programs may use the information provided on the FAFSA to determine your eligibility for state and institutional aid.



Your state of legal residence is also used in the EFC calculation to determine the appropriate allowance for state and other taxes paid by that state's residents.

Enter your state of legal residence. Residency (domicile) is your true, fixed, and permanent home. If you are a dependent student, the state of legal residence is usually the state in which your parents live. If you moved into a state for the sole purpose of attending a college, do not count that state as your legal residence. Use the State Abbreviations List to provide the abbreviation for your state.

**Legal Resident Before 1995.** States have varying criteria for determining whether or not you are a resident for purposes of state financial aid. However, all states consider you to be a resident if you became a legal resident of that state more than four years ago. Select "Yes" if you became a resident of your state before January 1, 1995 or "No" if you became a resident of your state on or after January 1, 1995.

**Date of Legal Residence.** Your state will use this information to determine whether you meet its specific residency criteria for state aid. If you answered "No" to the question asking if you became a legal resident of your state before January 1, 1995, provide the month and year you became a legal resident of your state.

**Drug Offense Convictions.** In October 1998, Congress passed a new law that suspends federal student aid eligibility for students convicted under federal or state law of possession or sale of drugs (this does not include alcohol or tobacco). A drug-related conviction does not necessarily mean you are ineligible for aid.

If you have never been convicted of any illegal drug offense, enter a "1" in the box and continue filling out the FAFSA. Call 1-800/433-3243 or go to <http://fafsa.ed.gov/q28> for additional help answering this question.

All students are advised to complete and file the FAFSA. Even if they are not eligible for federal student aid during 2000-2001 because of a drug conviction, they may be eligible for state or institutional aid.

**Selective Service Registration.** To receive federal student financial aid, male students who are at least 18 years old and born after December 31, 1959 must be registered with Selective Service. Indicate whether you are male.

If you are male, 18 through 25 years of age, and have not registered with Selective Service, you can enter "Yes" to give Selective Service permission to register you. You can also register on the web at <http://www.sss.gov>

If you believe that you are not required to register, call the Selective Service office at 1-847/688-6888 for information regarding exemptions. Female students should leave the question asking whether they want to be registered with Selective Service blank.

**Degree or Certificate.** Write in the one-digit code for your expected degree or certificate, using the "Degree/Certificate Code List" below. If your degree or certificate does not fit any of these categories, or if you are undecided, enter "9."

- |   |   |
|---|---|
| 1 | 1st bachelor's degree   |
| 2 | 2nd bachelor's degree   |
| 3 | Associate degree (occupational or technical program)  |
| 4 | Associate degree (general education or transfer program)  |
| 5 | Certificate or diploma for completing an occupational, technical, or educational program of less than two years |
| 6 | Certificate or diploma for completing an occupational, technical, or educational program of at least two years  |
| 7 | Teaching credential program (nondegree program)   |
| 8 | Graduate or professional degree   |
| 9 | Other/undecided   |

**Grade Level during 2000-2001 School Year.** Choose from the following:

- Enter 1 for 1<sup>st</sup>-year undergraduate/never attended college (high-school seniors and/or first-time students should choose this grade level)
- Enter 2 for 1<sup>st</sup>-year undergraduate/attended college before
- Enter 3 for 2<sup>nd</sup>-year undergraduate/sophomore
- Enter 4 for 3<sup>rd</sup>-year undergraduate/junior
- Enter 5 for 4<sup>th</sup>-year undergraduate/senior
- Enter 6 for 5<sup>th</sup>-year undergraduate/other undergraduate
- Enter 7 for graduate/professional or beyond

Grade level does not mean the number of years you have attended college, but grade level in regard to completing your degree/certificate. (For example, if you are enrolled less than full time, it will take longer for you to reach the same grade level than for a full-time student.)

**High School Diploma/GED.** If you receive your high school diploma or earn a General Education Development (GED) diploma or equivalent home-school credential before you enroll in college, answer "Yes" to this question. Otherwise, answer "No."

**1<sup>st</sup> Bachelor's Degree.** This question has a direct bearing on your eligibility for Federal Pell Grants and Federal Supplemental Educational Opportunity Grants, which are restricted to students who have not yet received bachelor's degrees. You must answer "yes" to this question if you have (or will have by July 1, 2000) a degree from a college in the U.S., or from a college in another country that is equal to a bachelor's degree. If you incorrectly report "Yes" to this question, you will be ineligible for a Federal Pell Grant unless a correction is made.

If you attend two different colleges during the same enrollment period, you must notify the financial aid administrator (FAAs) at both schools. You may not receive Federal Pell Grants at both schools.

**Types of Aid.** These questions ask you to indicate what types of aid, in addition to grants, you are interested in receiving. Please note that although the FAFSA assumes you are interested in grant aid (aid you do not have to pay back), you are not required to accept any grants offered to you.

Federal, state, and institutional programs all may use the information from this question to determine what types of aid to award. If you are not sure, you should answer "Yes" to both of these questions and will be considered for all types of aid that are available. You can decline any aid that is later awarded and that you do not want. If your parents wish to take out loans for your education, check "Yes" to "student loans."

## Step Two

**Purpose:** All students (dependent and independent) must provide financial information in Step Two. The EFC calculation, determined by congressional formula, uses a family's income, household size, and certain expenses to determine if the family has discretionary income. If the family has discretionary income, a portion, and only a portion, of that income is included in the EFC as available for a student's educational costs.

### **how do I complete the income tax section?**

It is best if you (and your spouse) file your income tax return(s) before filling out this application. However, if you have not filed your income tax return(s), you should calculate your adjusted gross income (AGI) using the AGI Worksheet. When your application is compared with the tax return(s) you (and your spouse) actually file, the financial information must agree. If there are differences, you will need to correct the information and send it back to the U.S. Department of Education. This could mean a delay in getting student financial aid.

Even if you (and your spouse) **are not required to file a 1999 income tax return**, you will need to calculate your earnings for the year. Use W-2 Forms and other records to answer the questions in this section.

**If an answer is zero or a question does not apply to you, enter 0 (zero).**

Independent students do not need to enter their parents' income and asset information in Step Four. If you are dependent, however, your parents are required to report their income and asset information, separately, in Step Four.

For the 2000-2001 FAFSA, the base year for completing income tax questions is 1999. Income tax questions give 1999 Internal Revenue Service (IRS) tax form line references.

If you are **married** at the time you submit the FAFSA, even if you were not married in 1999, both your **and** your spouse's income and assets must be reported. If you are married and you and your spouse filed (or will file) **separate tax returns** for 1999, be sure to include both your and your spouse's exemptions and income for the income questions, **even if you were not married in 1999**.

If you are currently single, divorced, separated, or widowed, you should answer the questions for yourself only and ignore the references on the FAFSA to "spouse."

If you are currently **divorced, separated, or widowed**, but filed (or will file) a joint tax return for 1999, you should give only your portion of the exemptions, income, and taxes paid for the income and asset questions.

Information from one of the following 1999 income tax forms may be listed on the FAFSA in the same manner as U.S. tax information: the income tax return required by the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. The amounts on these returns are already reported in U.S. dollars.

### **what if (my spouse or) I earned foreign income?**

Income earned in a foreign country is treated the same as income earned in the U. S. if taxes were paid to the central government of that country. You should report the value of the foreign income in U.S. dollars (using the exchange rate at the time of application) in both the "Adjusted Gross Income" line item and in the "income earned from work" line item. Information about exchange rates can be found by searching on line, using the key words "exchange rates."

Include the value of any taxes paid to the foreign government in the "U.S. income tax paid" line item. If income earned in the foreign country was not

taxed by the central government of that country, the income should be reported as untaxed income on the FAFSA.

In many cases, if you file a return with the IRS for a year in which foreign income was earned, a portion of the foreign income can be excluded on IRS Form 2555 for U.S. tax purposes. The figure reported on line 43 of Form 2555 (or line 18 of Form 2555EZ) should be reported as "untaxed income" on Worksheet A on page 8 of the paper FAFSA. The final total for the Form 2555 must not be reported as untaxed income because it contains other exclusions.

**Filing Return.** Indicate whether or not you have already filed, are going to file, or will not file a tax return for 1999.

**Type of Return Filed.** Indicate which tax form you filed or will file for 1999.

**Eligible to File a 1040A or 1040EZ.** If you (and your spouse) are eligible to file a 1040A or 1040EZ for 1999, you must indicate your eligibility to file one of these forms (even if you **file a 1999 IRS Form 1040**). For instance, tax preparers often file a Form 1040 or an electronic 1040 on behalf of a tax filer, even though that person's income and tax filing circumstances would allow him or her to file a 1040A or 1040EZ. If you (and your spouse) are not required to file a Form 1040, then you must indicate eligibility to file a 1040A or 1040EZ.

In general, you (and your spouse) are eligible to file a 1040A or 1040EZ if you make less than \$50,000, do not itemize deductions, do not receive income from your own business or farm, and do not receive alimony or capital gains. You (and your spouse) are not eligible if you itemize deductions or receive self-employment income, alimony, or capital gains.

**Adjusted Gross Income.** You must provide your (and your spouse's) Adjusted Gross Income (AGI) for 1999, found on IRS 1040 – line 33; 1040A – line 18; 1040EZ – line 4; or Telefile – line I. If you do not have a 1999 tax form but will be filing one, you should use the AGI Worksheet to calculate your AGI. Note that AGI includes more than just wages earned; for example, alimony, Social Security, and business income are also included. Please see the AGI Worksheet for a breakdown of the types of taxable income included.

### **Use this Worksheet to Calculate 1999 Adjusted Gross Income**

Wages, salaries, tips, etc. \_\_\_\_\_

Interest Income	+ _____
Dividends	+ _____
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, Social Security, Railroad Retirement, and all other taxable income).	+ _____

Add all of the numbers in the column. = \_\_\_\_\_

Subtract IRS-allowable adjustments to income (payments to IRA, Keogh, SEP, or SIMPLE Plans, student loan interest deduction, medical savings account deduction, moving expenses, one half of self-employment tax, self-employed health insurance deduction, interest penalty on early withdrawal of savings, and alimony paid).	- _____
--	---------

TOTAL - Use this amount  
for Adjusted Gross Income. = \_\_\_\_\_

**Income Tax.** Enter the amount of 1999 income tax you (and your spouse) paid from IRS 1040 - line 49 plus line 51; 1040A - line 32; 1040 EZ - line 10; or Telefile - line K. Make sure this amount does **not** include any FICA, self-employment, or other taxes from Form 1040. Do **not** copy the amount of federal income tax withheld from a W-2 Form. If you did not pay any income tax in 1999, enter zero (0).

**Exemptions.** Enter the total amount of your (and your spouse's) exemptions. Exemptions are on IRS 1040-line 6d or 1040A-line 6d. If you answered "yes" on 1040EZ-line 5, use EZ worksheet Line F to determine the number of exemptions (\$2750 equals one exemption). If you answered "no" on line 5, you should enter "01" if single or "02" if married. On the Telefile, use line J to determine the number of exemptions (\$2750 equals one exemption).

If currently divorced, separated, or widowed, but you have filed or will file a joint tax return for 1999, you should give only your portion of the exemptions.

**Earned Income Credit.** Earned Income Credits are available to low-income workers who maintain a home in the U.S. in which at least one child resides (and who meet other eligibility criteria). Enter the Earned Income Credit (EIC) from IRS 1040 - line 59a; 1040A - line 37a; 1040EZ - line 8a; Telefile - Line L. If this question does not apply to you, enter zero (0).

**Student's Income Earned.** When the Department's processor calculates your EFC, certain allowances are deducted from your (and your spouse's) income for necessary expenses (like taxes and basic living costs). The amount you provide for income earned from work (including Federal Work-Study and other need-based employment earnings) is used to calculate these allowances according to a formula set by Congress. The income earned from work will also be used in the EFC calculation as an income factor when no AGI is reported.

**If you filed (or will file) a tax return,** you should include the "wages, salaries, tips, etc." from IRS form 1040 – line 7; 1040A – line 7; 1040EZ – line 1; Telefile – use your W-2 Forms. Even if you filed a joint return, you must report your and your spouse's earnings **separately**. **If you own a business or farm,** you should also add in the figures from 1040 – lines 12 and 18.

**If you did not file a tax return,** you should report your earnings from work in 1999. Add up the earnings from your W-2 Forms and any other earnings from work that are not included on the W-2 Forms.

**Spouse's Income Earned.** Use the instructions in the "Student's Income Earned" section to answer this question.

**Untaxed Income and Benefits (Worksheet A).** Enter the total from Worksheet A (found on page 8 of the paper FAFSA). Worksheet A collects information about certain untaxed income and benefits. Do not include on Worksheet A any income and benefits reported elsewhere on the application.

### **Worksheet A**

**Payments to Tax-Deferred Pension and Savings Plans.** You must report money paid **into** tax-sheltered or deferred annuities (whether paid directly or withheld from earnings), including amounts reported on the W-2 Form, in Box 13, codes D, E, F, G, H, and S. You must include untaxed portions of 401(k) and 403(b) plans. Note that **employer contributions to tax-deferred pension and savings plans should not be reported** on the FAFSA as an untaxed benefit.

**Deductible IRA and/or Keogh Payments.** If you (and your spouse) are eligible to exclude payments to an IRA/Keogh plan from taxation, those payments are reported as untaxed income. If payments to other pension funds are not excluded for tax purposes, they would already be included in AGI. IRA/Keogh plan payments can be found on IRS 1040 – total of lines 23 and 29; 1040A – line 15.

**Child-support Received.** Report child support you received for all children during 1999. Do not include foster care or adoption payments.

**Welfare Benefits (including TANF Payments).** Type the total amount of welfare benefits you (and your spouse) received **including** Temporary Assistance for Needy Families (TANF) for 1999. Report the amount you received for the year — not monthly amounts. Do **not** include food stamps.

**Tax-exempt Interest Income.** Type the total amount of tax-exempt interest income you (and your spouse) earned in 1999, as reported on Form 1040 — line 8b; or 1040A — line 8b.

**Foreign Income Exclusion.** The IRS allows eligible U.S. citizens and residents living in foreign countries to deduct certain foreign living expenses or to exclude a limited amount of income received for personal services rendered abroad from their income. Though deducted for tax purposes, this amount is considered untaxed income for federal student aid purposes. Provide the total amount of the foreign income exclusion you (and your spouse) reported in 1999 from Form 2555 — line 43; or Form 2555EZ — line 18.

**Untaxed Portions of Pensions.** Payments **from** an untaxed portion of a pension or annuity must be reported as taxable income or untaxed income, as appropriate. The full amount of the distribution must be reported, whether a lump-sum or an annual distribution. The untaxed portion of such a pension and/or annuity payment can be calculated by adding Form 1040: (line 15a minus line 15b) *plus* (line 16a minus line 16b); or 1040A: (line 10a minus line 10b) *plus* (line 11a minus line 11b).

The only **exception to reporting IRA or pension** distributions as income is when these **distributions are rolled over** to another IRA or retirement plan within 60 days following the day on which you receive the distribution from the initial IRA or retirement plan.

**Special Fuels Credit.** Enter the total amount of credit for federal tax on special fuels that you (and your spouse) reported in 1999, from IRS Form 4136 — line 9 (non-farmers only).

**Untaxed Social Security Payments.** If Social Security Benefits are paid to your parents on your behalf (because you were under 18 years old at the time), those benefits are reported as your parents' income, not your income.

If you, as head of household, receive benefits on behalf of persons included in household size, these benefits must be reported as your income. However, if a member of your household, such as an uncle or grandmother, receives benefits in his or her own name, you (as head of household) do not report those benefits. (Remember, such persons may not be included in household size if



they receive in their own names more than half of their support through such benefits.)

The actual amount of benefits received for the year in question must be reported, even if that amount represents an underpayment or an overpayment that may be compensated for in the next year. This parallels the IRS treatment of overpayments of taxable income (such as salary) that must be reported and are taxed as any other income. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

**Housing Allowances.** Housing, food, and other living allowances provided to you or your spouse must be reported. This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. If you received free room and board in 1999 for a job that was not awarded as student financial aid, you must report the value of the room and board as untaxed income. (This category, "housing allowances," excludes rent subsidies for low-income housing.)

**Workers' Compensation.** Enter the total amount of workers' compensation that you (and your spouse) received in 1999.

**Veterans Non-education Benefits.** Type the total amount of veterans non-education benefits you received in 1999. Veterans non-education benefits include Death Pension, Dependency and Indemnity Compensation (DIC), etc. Do not include veterans educational benefits such as the GI Bill, Dependents Education Assistance Program, VA Vocational Rehabilitation Program, and VEAP Benefits.

**Other Untaxed Income and Benefits.** You must report VA Educational Work-Study allowances as untaxed income. However, do **not** include contributions to, or payments from, flexible spending arrangements (also known as "cafeteria plans"), because these are essentially employee benefit programs. Also, do **not** include student aid or educational Workforce Investment Act (WIA) (formerly JTPA) benefits.

**Cash Payments.** Any cash support you receive from a friend or relative (other than your parents, if you are a dependent student) must be reported as untaxed income. Cash support includes payments made on your behalf. For instance, if your aunt pays your rent or utility bill, you must report those payments as untaxed income on the application.

Certain income and benefits should **not** be reported on this worksheet:

- **Student financial aid.** Student aid received is already taken into account when a school packages your aid. However, work-study earnings must be reported as taxed income, and then excluded (on Worksheet B).
- **Food stamps and other "in-kind" assistance.** Benefits received from federal, state, or local governments from the following programs are not counted as untaxed income: the Food Stamp Program; Women, Infants, and Children Program; Food Distribution Program; Commodity Supplemental Food Program; National School Lunch and School Breakfast Programs; Summer Food Service Program; and Special Milk Program for Children.
- **Dependent Assistance.** You may be eligible to exclude a limited amount of benefits received for dependent care assistance if certain requirements are met. Generally, up to \$5,000 of benefits may be excluded from an employee's gross income, or \$2,500 for a married employee who files a separate return from his or her spouse. This exclusion cannot exceed the employee's (or his or her spouse's) earned income. (Note: Some states provide reimbursement for childcare expenses incurred by welfare recipients through TANF. You must report this on the application because you bill the state for the amount of childcare costs incurred while on welfare and are reimbursed on that basis.)
- **Per capita payments to Native Americans.** You should not report individual per capita payments received in 1999 from the Per Capita Act or the Distribution of Judgment Funds Act unless any individual payment exceeds \$2,000. Thus, if an individual payment were \$1,500, you would not report it on your application. However, if a payment were \$2,500, you would report the amount that exceeds \$2,000: \$500.
- **Heating/fuel assistance.** Exclude from consideration as income or resources any payments or allowances received under the Low-Income Home Energy Assistance Act (LIHEA). (Note: Payments under the LIHEA are made through state programs that may have different names.)

End of Worksheet A

**Exclusions from Taxed Income (Worksheet B).** Worksheet B on page 8 of the FAFSA will help you calculate exclusions from taxed income, such as work-study earnings. Because the items listed in this worksheet will be entered on the form and excluded from income when the Department's processor performs the EFC calculation, you should **not** subtract them from your responses to the income questions in Step Two. These amounts should be calculated on the basis of what was received between January 1, 1999 and December 31, 1999 and not what was received during the school year.

## **Worksheet B**

**Education Credits.** The Hope Scholarship is available to students or parents who pay tuition and related expenses for attendance at least half time in a degree-granting program. Unlike a scholarship or a tax deduction, the Hope Scholarship is a tax credit, and can be subtracted directly from the total federal tax on a tax return. The Lifetime Learning Credit provides a tax credit to parents and/or students of up to 20% of the first \$5,000 of total annual educational expenses, for up to \$1,000 annually. Unlike the Hope Scholarship, the Lifetime Learning Credit does not require students to be in their first two years of study and does not require at least half time enrollment. You may not claim both the Hope Scholarship and the Lifetime Learning Credit on your taxes for the same student in the same tax year. Enter the total amount of education credits (Hope and Lifetime Learning Credits) you received in 1999, from Form 1040 – line 44; or 1040A – line 29. For more information about these tax credits, visit the IRS web site at <http://www.irs.gov/hot/not97-60.html>

**Child-support Payments.** Report any child-support payments paid during 1999 by you (or your spouse) because of divorce or separation as an exclusion. Do not include support for children in your household, as reported in the "number in household" question. For purposes of the FAFSA, a child is a member of your household if you provide more than half of the child's support, whether or not the child lives with you.

**Taxable Earnings from Work-study or Other Need-based Work Programs.** You should report earnings from work as income on the financial aid application in the AGI or income earned questions. However, if those earnings are part of a financial aid package and are intended as need-based financial assistance, you should also report them on Worksheet B as an exclusion from income.

**AmeriCorps Awards.** The National and Community Service Trust Act (commonly called the AmeriCorps Program) provides its members with full-time educational awards in exchange for community service. Any living allowance (**but not earnings**) received under this program should be reported on Worksheet B.

**Grant and Scholarship Aid.** Any grant or scholarship aid reported on your 1999 income tax form (because it was in excess of tuition, fees, books, and required supplies) should be reported on Worksheet B.

End of Worksheet B

**Total Current Cash, Savings and Checking Account Balance.** Include the balance of checking or savings accounts **as of the date the FAFSA is signed** unless you (and your spouse) do not have access to the money because the state declared a bank emergency due to the insolvency of a private deposit insurance fund.

## **Asset Information**

An asset is defined as property that has an exchange value. The purpose of collecting asset information is to determine if your family's assets are substantial enough to support a contribution toward your cost of attendance (COA). Only the net asset value is counted in the need analysis; that is, any debts against assets are subtracted from their value.

Previous versions of the FAFSA required students to complete a Simplified Needs Worksheet to determine whether they would be required to list their assets on the FAFSA. While the current FAFSA does not require you to complete a Simplified Needs Worksheet, the Department's processor will still determine whether you qualify for a Simplified Needs calculation.

If you do qualify for the Simplified Needs calculation, your assets (and your spouse's assets, if you are independent), will not be taken into account when determining your EFC for federal student aid. However, state agencies, private scholarship groups, postsecondary schools, or other groups may require asset information for nonfederal student aid purposes.

## **Ownership of an Asset**

Ownership of an asset may be divided or contested in several situations:

- **Part ownership of asset.** If you (or your spouse) have only part ownership of an asset, you (or your spouse) should report only that part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership, unless the share of the asset is determined by the amount invested or the terms of the ownership arrangement.
- **Contested ownership.** An asset should not be reported if its ownership is being contested. For instance, if you and your spouse are separated and you may not sell or borrow against jointly owned property that is being contested, the FAFSA information you report would not list any value for the property or any debts against it. If ownership of the asset is resolved after the initial application is filed, you are not required to update this information. However, if ownership of the property is not being contested, you would report the property as an asset.

- **Lien against asset.** If there is a lien or imminent foreclosure against an asset, the asset would still be reported until the party holding the lien or making the foreclosure completes legal action to take possession of the asset.

## **Assets that Are Not Reported**

Examples of assets that are not reported follow:

- **Principal place of residence/family farm.** Your principal place of residence is not reported as an asset. Neither is your family farm if the farm is your principal place of residence and your family claimed on Schedule F of the tax return that it "materially participated in the farm's operation." In certain instances, however, even if the family farm is incorporated and your family files a corporate return instead of IRS Schedule F, the value and debt of the farm are not reported on the FAFSA. In such cases, you must present evidence that family members own all shares of stock in the corporation and that those family members also reside on the farm.
- **Personal possessions.** Do not report possessions such as a car, a stereo, clothes, or furniture. By the same token, personal debts such as credit card debt cannot be reported.

**Net Worth of Investments.** Investments include real estate such as rental property, land, and second or summer homes. Do not include your primary place of residence (that is, your home). Include the value of portions of multifamily dwellings that are not your principal residence. Investments also include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, Education IRAs, installment and land sale contracts (including mortgages held), commodities, precious and strategic metals, etc. Do not include the value of life insurance and retirement plans (pension funds, annuities, non-Education IRAs, Keogh plans, etc.)

The money in an Education IRA is an asset for the student beneficiary because an Education IRA is not a retirement account. It is essentially a savings account to be used for the student's educational expenses. Therefore, you must report the amount in your Educational IRA with your investments.

### **Investment Value - Investment Debt = Net Worth of Investments**

If you (and your spouse) own real estate or investments other than your principal residence, their value equals the amount they are worth today. **(Do not write this amount in for net worth of investments.)**

Investment debt equals how much you (and/or your spouse) owe on real estate and investments other than your principal residence. Investment debt means only those debts that are related to the investments. **(Do not write this amount in for net worth of investments.)**

Subtract the amount of debt on these assets from their value. **Write this amount in for net worth of investments.**

## **Investments**

**Rental properties.** Generally, rental properties must be reported as investment assets rather than as business assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually such a business would provide additional services, such as regular cleaning, linen, or maid service.)

**"Take-back" mortgages.** In a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of IRS Form 1040. If an amount is reported on this line of the tax return, the family probably has an asset that should be reported on the FAFSA.

**Trust funds and tuition prepayment plans.** If trust funds are in your (or your spouse's) name, they should be reported as your (or your spouse's) asset on the application. In the case of divorce or separation, where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

How the trust must be reported varies according to whether you (or your spouse) receive or will receive the interest income, the trust principal, or both. If you (or your spouse) receive only interest from the trust, any interest received in the base year must be reported as income. Even if interest accumulates in the trust and is not paid out during the year, if you will receive the interest, you must report an asset value for the interest you will receive in the future. The trust officer can usually calculate the present value of the interest you will receive while the trust exists. This value represents the amount a third person would be willing to pay to receive the interest income you (or your spouse) will receive from the trust in the future.

The present value of the principal is the amount a third person would pay at present for the right to receive the principal when the trust ends (basically, the amount you would have to deposit now to receive the amount of the principal

when the trust ends, including the accumulated interest). Again, present value can be calculated by the trust officer.

As a general rule, you must report the present value of the trust as an asset, even if your (the beneficiary's) access to the trust is restricted. If the creator of a trust has voluntarily placed restrictions on the use of the trust, then you should report the trust in the same manner as if there were no restrictions. However, if a trust has been restricted by court order, you should not report it as an asset. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

Note that the value of a Michigan Education Trust and all similar tuition prepayment plans are excluded from being reported as assets on the FAFSA. (The annual value of the tuition prepayment will be taken into account when the school packages your aid.)

**Net Worth of Business.** Business value includes the current market value of land, buildings, machinery, equipment, inventories, patents, copyrights, franchise rights, etc. You should not include your primary home, even if it is part of the business.

#### **Business Value - Business Debt = Net Worth of Business**

For business value, if you (and/or your spouse) own a business, first figure out how much the business is worth today. **(Do not write this amount in for net worth of business.)**

Business debts are what you (and/or your spouse) owe on the business. Include only the present mortgage and related debts for which the business was used as collateral. **(Do not write this amount in for net worth of business.)**

Subtract the amount of business debt from the business value. **Write in this amount for net worth of business.**

To report current market value for a business, you must use the amount for which the business could sell as of the date of the application. Also, if you are not the sole owner of the business, you should report only your share of its value and debt.

**Net Worth of Investment Farm.** An investment farm is any farm that does not meet the definition of a family farm. A family farm is a farm that is your principal place of residence and one on which you materially participate in the farm's operation. Investment farms include the current market value of land, buildings, machinery, equipment, livestock, inventories, etc.



To report current market value for a farm, you must use the amount for which the farm could sell as of the date of the application. Also, if you are not the sole owner of the farm, you should report only your share of its value and debt. As noted earlier, do not report a family farm as an asset.

**Investment Farm Value - Investment Farm Debt = Net Worth of Investment Farm**

For investment farm value, if you (and/or your spouse) own an investment farm, first figure out how much the investment farm is worth today. **(Do not write this amount in for net worth of investment farm.)**

Investment farm debt is what you (and/or your spouse) owe on the investment farm. Include only the present mortgage and related debts for which the farm was used as collateral, as well as any loan for which farm assets were used as collateral. **(Do not write this amount in for net worth of investment farm.)**

To determine net worth of an investment farm, subtract the amount of investment farm debt from investment farm value. **Write in this amount for net worth of investment farm.**

**Number of Months Veterans Education Benefits Received.** Enter the number of months from July 1, 2000 to June 30, 2001 you expect to receive veterans education benefits. If you do not receive veterans education benefits, leave this question blank.

**Veterans Education Benefits.** Veterans education benefits information is **not** used in the EFC calculation; your school will use it when putting together your aid package. If you receive veterans education benefits, you must report the amount of **monthly** benefits that you expect to receive during the school year (from July 1, 2000 through June 30, 2001). Such benefits include

- Selective Reserve Pay (Montgomery GI Bill – Chapter 106),
- New GI Bill (Montgomery GI Bill – Chapter 30),
- Post-Vietnam Veterans Educational Assistance Program (VEAP) (Chapter 32),
- Vocational Rehabilitation (Chapter 31),
- REPS (Restored Entitlement Program for Survivors – Section 156),
- Educational Assistance Program (Chapter 107), and
- Dependents Educational Assistance Program (Chapter 35).

Do **not** include your spouse's Veterans education benefits. Do **not** include non-education benefits, such as Death Pension or Dependency and Indemnity Compensation (DIC).

## Step Three

**Purpose:** The questions in Step Three are used to determine, according to law, whether you are a dependent or an independent student for purposes of calculating an EFC. If you answer "No" to all of the questions in Step Three, you are a dependent student, even if you do not live with your parents. A financial aid administrator (FAA) may make an otherwise dependent student independent in individual cases if he or she determines that such an action is appropriate.

A dependent student provides information about himself or herself in the pink areas and about his or her parents in the purple areas. The dependent student and at least one parent whose information is provided in Step Four must sign the FAFSA. An independent student gives information only about himself or herself and about his or her spouse (if married) in the **pink areas only**, and can skip Step Four and go to Step Five. The independent student must sign the FAFSA.

Answer all of the questions in this step. Answer "Yes" (in which case you will be considered independent) if you meet any of the following criteria:

**1) you were born before January 1, 1977;**

**2) you will be working on a degree beyond a bachelor's degree in school year 2000-2001;** You should answer "Yes" if you will be enrolled in a graduate or professional program (a course of study beyond a bachelor's degree) in the first term of 2000-2001. If your graduate status will change during the school year, notify your FAA.

A graduate or professional student is not eligible for a Federal Pell Grant, so if you incorrectly report that you are a graduate or professional student, you will need to submit a correction to receive a Federal Pell Grant.

**3) you are legally married on the date you sign the application;** "Married" does not mean living together unless your state recognizes your relationship as common-law marriage. Answer "yes" if you are separated but not divorced.

**4) you have**

- (a) children who receive more than half of their support from you;  
**or**
- (b) dependents (other than your children or spouse) who live with you and currently receive more than half of their support from you, and will continue to receive that support through June 30, 2001.

**5) you are an orphan or a ward of the court (or were a ward of the court until reaching the age of 18);** You should answer "Yes" if you are currently a ward of the court or were a ward of the court until age 18, or both your parents are dead and you do not have an adoptive parent. If your parents are dead, but you have legal guardian(s), you are considered to be an orphan for purposes of completing the FAFSA.

You are not considered a ward of the court based solely on being incarcerated.

**6) you are a veteran of the U.S. Armed Forces (Army, Navy, Air Force, Marines, or Coast Guard);** You should answer "Yes" (you are a veteran) if

- you have engaged in active service in the U.S. Armed Forces (Army, Navy, Air Force, Marine Corps, or Coast Guard), or were a cadet or midshipman at one of the service academies, and
- you were released under a condition other than dishonorable.

You should also answer "Yes" if you are not a veteran now but will be one by June 30, 2001.

You should answer "No" (you are not a veteran) if you are currently an ROTC student, a cadet or midshipman at a service academy, or a National Guard or Reserves enlistee (and were not activated for duty).

You should also answer "No" if you are currently serving in the U.S. Armed Forces and will continue to serve through June 30, 2001.

## **Step Four**

**Purpose:** Your parents must provide financial information in Step Four if you are a dependent student. The EFC calculation, determined by congressional formula, uses a family's income, household size, and certain expenses to determine if the family has any discretionary income. If the family has discretionary income, a portion, and only a portion, of that income is included in the EFC as available for the student's educational costs.

### **who is considered a parent in this step?**

The term "parent" is not restricted to biological parents. There are several instances in which a person other than a biological parent is treated as a parent, and in these instances, the parental questions on the application must be answered as they apply to such an individual (or individuals).

If your parents are both living and married to each other, answer the questions about both of them. (You will provide information about two people.)

If your parents are living together and have not been formally married but meet the criteria in their state for a common-law marriage, they should report their status as married on the application. (You will provide information about two people.) If the state does not consider their situation to be a common-law marriage, then your parents should file the FAFSA as if they are separated. Check with the appropriate state agency concerning the definition of a common-law marriage.

An adoptive parent is treated in the same manner as a biological parent.

A foster parent is not treated as a parent.

If one, but not both, of your parents has died, you should answer the parental questions about the surviving parent. Do not report any financial information for the deceased parent on the FAFSA. (You will provide information about one person.) If the widowed parent is remarried as of the date you complete the FAFSA, answer the questions about both that parent and the person he or she married. (You will provide information about two people.) If both your parents are deceased when you fill out the FAFSA, you must answer "yes" to the question that asks whether you are an orphan, which will make you an independent student. If the surviving parent dies after the FAFSA has been filed, you must submit a correction to update your dependency status and all other information as appropriate.

If your parents are divorced, answer the questions about the parent you lived with most during the 12 months before the date you apply. If you did not live with one parent more than the other, answer in terms of the one parent who provided the most financial support during the last 12 months, or during the most recent year you were actually supported by a parent. (You will provide information about one person.) If this parent has remarried as of the date of the application, answer the questions on the remaining sections of the FAFSA about that parent and the person he or she married. (You will provide information about two people.)

A stepparent is treated in the same manner as a biological parent if the stepparent is married, as of the date of application, to the biological parent whose information will be reported on the FAFSA, or if you have been legally adopted by the stepparent. There are no exceptions. The federal need analysis system does not recognize prenuptial agreements. Note that the stepparent's income information for the entire base year, 1999, must be reported even if your parent and stepparent were not married until after 1999.

If the biological parent has died and the stepparent survives, then you are independent unless the stepparent legally adopts you.

A legal guardian is not treated as a parent for purposes of filing a FAFSA.

If your parents are **legally separated**, the same rules as for a divorce are used to determine which parent's information must be reported. If the state where your parents reside requires a couple to live apart to be considered legally separated, your parents cannot be considered legally separated if they live together, and both incomes must be reported. If your parents are **informally separated**, that is, they consider themselves separated when one of them has left the household for an indefinite period of time, only the responsible parent's income must be reported. However, if your parents still live in the same house, they would not be considered separated, and information for both parents must be reported.

**Parents' Marital Status as of Today.** The FAFSA asks about parents' marital status because their marital status directly affects the treatment of income and assets in the EFC calculation. Marital status cannot be projected—your parent(s) must report their marital status as of the date the application is completed.

Enter "married" if your parents are currently married. If you give information about your mother and stepfather, you would enter "married" because your mother and stepfather are married. If your parents are living together and have not been formally married but meet the criteria in their state for a common-law marriage, they should report their status as married on the application. If the state does not consider the situation to be a common-law marriage, then file the FAFSA as if they are separated. Check with the appropriate state agency concerning the definition of a common-law marriage.

If your parent is single, you should enter "single" for this parent. If your parents are divorced or separated, you should enter "divorced/separated." Likewise, if your parent is widowed, you should enter "widowed."

**Father's/Stepfather's Social Security Number.** Enter your father's or stepfather's Social Security Number (SSN) (that is, enter the information for the same person whose financial information you are reporting). The Privacy Act gives information about how his SSN can be used. For more information, call the Social Security Administration at 1-800/772-1213 or go to their web site at <http://www.ssa.gov>

**Father's/Stepfather's Last Name.** Enter your father's or stepfather's last name (that is, enter the information for the same person whose financial information you are reporting). Use the proper name found on his Social Security card. Do not use a nickname. Your father's or stepfather's SSN and last name on the application must match the number and name on his Social Security card. For

information on how to update information on his Social Security card, he can call the Social Security Administration at 1-800/772-1213 or go to their web site at <http://www.ssa.gov>

**Mother's/Stepmother's Social Security Number.** Enter your mother's or stepmother's Social Security Number (SSN) (that is, enter the information for the same person whose financial information you are reporting). The Privacy Act gives information about how her SSN can be used. For more information, call the Social Security Administration at 1-800/772-1213 or go to their web site at <http://www.ssa.gov>

**Mother's/Stepmother's Last Name.** Enter your mother's or stepmother's last name (that is, enter the information for the same person whose financial information you are reporting). Use the proper name found on her Social Security card. Do not use a nickname. Your mother's or stepmother's SSN and last name on the application must match the number and name on her Social Security card. For information on how to update information on her Social Security card, she can call the Social Security Administration at 1-800/772-1213 or go to their web site at <http://www.ssa.gov>

**Number in Parents' Household.** The number of family members reported determines the income protection allowance that will be subtracted from your family's income to account for basic living expenses.

The following persons are included in your parents' household size:

- **you** (the student), even if you do not live with your parents;
- **your parents**, excluding a parent not living in the household as a result of death, separation, or divorce;
- **your parents' other children**, if they received or will receive more than half of their support from your parents from July 1, 2000 through June 30, 2001 or if they could answer "No" to all six questions in Step Three;
- **your children**, if they received or will receive more than half of their support from your parents from July 1, 2000 through June 30, 2001 (even if the children do not live with your parents, they must be counted if they meet this criterion);
- **your parents' unborn child and/or your unborn child**, if that child will be born before or during the award year (July 1, 2000 through June 30, 2001) and your parent(s) will provide more than half of the child's support from the projected date of birth until the end of the award year (if there is a medical determination of a multiple birth, then all expected children should be included); and

- **other persons**, if they live with and receive more than half of their support from your parents at the time of application and will continue to receive that support from July 1, 2000 through June 30, 2001.

To determine whether to include children in the household size, the "support" test is used (rather than a residency requirement) because there may be situations in which a parent supports a child who does not live with him or her, especially in cases where the parent is divorced or separated. In such cases, the parent who provides more than half of the child's support may claim the child in his or her household size. It does not matter which parent claims the child as a dependent for tax purposes. If your parent receives benefits (such as Social Security or AFDC payments) in the child's name, these benefits must be counted as parental support to the child.

Support includes money, gifts, loans, housing, food, clothes, a car, medical and dental care, payment of college costs, etc.

**Number of College Students in Parents' Household.** This question asks about the number of household members who, in 2000-2001, are or will be enrolled in a postsecondary school. **Do not include your parents.** To be counted, the enrolled household member(s) (excluding your parents) must be attending at least half time and working toward a degree or certificate leading to a recognized education credential at a postsecondary school eligible to participate in any of the federal student aid programs. **The student applying for aid should always be included, even if he or she is enrolled less than half time.**

The number of family members in college directly affects your family's ability to contribute to your education costs. EFC is divided by the number of family members in college.

**State of Legal Residence.** Write in the two-letter abbreviation for your parents' current state of residence. Residency (domicile) is your parents' true, fixed, and permanent home. If your parents are residing in a state for the sole purpose of attending a college, do not count that state as their legal residence. If your parents are separated or divorced, use the state of legal residence for the parent whose information is reported on the form. Use the State Abbreviation List to provide the abbreviation for your parents' state of legal residence. If you are a U.S. citizen but your parents are non-citizens who have never established legal residence in the U.S., leave this question blank on the paper FAFSA.

**Legal Resident Before 1995.** States have varying criteria for determining whether or not you are a resident for purposes of state financial aid. However, all states consider you to be a resident if you became a legal resident of that state more than four years ago. Select "Yes" if your parents became residents of

their state before January 1, 1995 or "No" if your parents became residents of their state on or after January 1, 1995. If your parents are divorced or separated, use the date for the parent whose information is reported on this form.

**Date of Legal Residence.** The state where your parents live will use this information to determine whether your parents meet its specific residency requirements for state aid. If both of your parents answered "No" to the question asking if they became legal residents of their state before January 1, 1995, provide the month and year for the parent who has lived in the state the longest.

**Age of Older Parent.** The age of your older parent is used when calculating your EFC to determine the Asset Protection Allowance for your parents. The higher your parent's age, the higher the protection allowed against the value of your parents' assets in the EFC calculation.

### **how do we complete the income tax section?**

It is best if your parents file their income tax return(s) before filling out this application. However, if your parents have not filed their income tax return(s), they should calculate their adjusted gross income (AGI) using the AGI Worksheet. When your application is compared with the tax return(s) you and your family actually file, the financial information must agree. If there are differences, you will need to correct the information and send it back to the U.S. Department of Education. This could mean a delay in getting student financial aid.

Even if your parents **are not required to file a 1999 income tax return**, they will need to calculate their earnings for the year. Use W-2 Forms and other records to answer the questions in this section. **If an answer is zero or a question does not apply to your parents, enter 0 (zero).**

For the 2000-2001 FAFSA, the base year for completing income tax questions is 1999. Income tax questions give 1999 IRS tax form line references.

Information from one of the following 1999 income tax forms may be listed on the FAFSA in the same manner as U.S. tax information: the income tax return required by the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. The amounts on these returns are already reported in U.S. dollars.

### **what if my parents earned foreign income?**

Income earned in a foreign country is treated in the same way as income earned in the U.S., if taxes were paid to the central government of that country. Your



parents should report the value of the foreign income in U.S. dollars (using the exchange rate at the time of application) in the Adjusted Gross Income line item and in the "income earned from work" line item.

Your parents should also include the value of any taxes paid to the foreign government in the "U.S. income tax paid" line item. (If the income earned in the foreign country was not taxed by the central government of that country, the income should be reported as untaxed income.)

In many cases, if your parents file a return with the IRS for a year in which foreign income was earned, a portion of the foreign income can be excluded on IRS Form 2555 for U.S. tax purposes. The figure reported on line 43 of Form 2555 (or line 18 of Form 2555EZ) should be reported as "untaxed income" on Worksheet A on page 8 of the paper FAFSA. The final total for Form 2555 must not be reported as untaxed income because it contains other exclusions.

**Filing Return.** Indicate whether or not your parents have already filed, are going to file, or will not file a tax return for 1999.

**Type of Return Filed.** Indicate which tax form your parents filed or will file for 1999.

**Eligible to File a 1040A or 1040EZ.** If your parents are **eligible to file a 1040A or 1040EZ** for 1999, they must indicate their eligibility to file one of these forms (even if they **file a 1999 IRS Form 1040**). Tax preparers often file a Form 1040 or an electronic 1040 on behalf of a tax filer, even though that person's income and tax filing circumstances would allow him or her to file a 1040A or 1040EZ. If your parents are not required to file a Form 1040, then they must indicate eligibility to file a 1040A or 1040EZ.

In general, your parent(s) (whether single or married) are eligible to file a 1040A or 1040EZ if they make less than \$50,000, do not itemize deductions, do not receive income from their own business or farm, and do not receive alimony or capital gains. Your parent(s) are not eligible if they itemize deductions or receive self-employment income, alimony or capital gains.

**Adjusted Gross Income.** Your parents must provide their Adjusted Gross Income (AGI) for 1999, found on IRS 1040 — line 33; 1040A — line 18; 1040EZ — line 4; or Telefile — line I. If your parents do not have a 1999 tax form but will be filing one, they should use the AGI Worksheet to calculate AGI. Note that AGI includes more than just wages earned; for example, alimony, Social Security, and business income are also included. Please see the AGI Worksheet for a breakdown of the types of taxable income included.

**Use this Worksheet to Calculate 1999 Adjusted Gross Income**

Wages, salaries, tips, etc.	_____
Interest Income	+ _____
Dividends	+ _____
Other taxable income (alimony received, business and farm income, capital gains, pensions, annuities, rents, unemployment compensation, Social Security, Railroad Retirement, and all other taxable income).	+ _____
Add all of the numbers in the column.	= _____

Subtract IRS-allowable adjustments to income (payments to IRA, Keogh, SEP, or SIMPLE Plans, student loan interest deduction, medical savings account deduction, moving expenses, one half of self-employment tax, self-employed health insurance deduction, interest penalty on early withdrawal of savings, and alimony paid).	- _____
--	---------

TOTAL - Use this amount for Adjusted Gross Income.	= _____
---	---------

**Income Tax.** Enter the amount of 1999 income tax your parents paid from IRS 1040 — line 49 plus line 51; 1040A — line 32; 1040EZ — line 10; or 1040Telefile — line K. Make sure this amount does **not** include any FICA, self-employment, or other taxes from Form 1040. Do **not** copy the amount of federal income tax withheld from a W-2 Form.

**Exemptions.** Enter the total amount of your parents' exemptions. Exemptions are on IRS 1040 — line 6d or 1040A — line 6d. If your parents answered "yes" on 1040EZ — line 5, use EZ worksheet Line F to determine the number of exemptions (\$2750 equals one exemption). If he or she answered "no" on line 5, your parent should enter "01" if single or "02" if married. On the Telefile, your parents should use line J to determine the number of exemptions (\$2750 equals one exemption).

If currently divorced, separated, or widowed, but your parent has filed or will file a joint tax return for 1999, he or she should give only his or her portion of the exemptions. See "who is considered a parent in this step?" for more information about whose information should be reported.

**Earned Income Credit.** Earned Income Credits are available to low-income workers who maintain a home in the U.S. in which at least one child resides

(and who meet other eligibility criteria). Enter the Earned Income Credit (EIC) from IRS 1040 — line 59a; 1040A — line 37a; 1040EZ — line 8a; Telefile — Line L. If this question does not apply to your parents, enter zero (0).

**Father's/Stepfather's Income Earned.** When the Department's processor calculates your parents' EFC, certain allowances are deducted from your parents' income for required and necessary expenses (like taxes and basic living costs). The amount your parents provide for income earned from work is used to calculate these allowances according to a formula set by Congress. Your parents' income earned from work will also be used in the EFC calculation as an income factor when no AGI is reported.

**If your parents filed (or will file) a 1999 tax return,** they should include the "wages, salaries, tips, etc." from the IRS 1040 — line 7, 1040A — line 7, 1040EZ — line 1; Telefile — use your parents' W-2 Forms. Even if your parents filed a joint return, report each parent's earnings **separately**. **If your parents own a business or farm,** they should also add in the numbers from 1040 — lines 12 and 18.

**If your parents will not file a 1999 tax return,** they should report earnings from work in 1999. Add up the earnings from W-2 Forms and any other earnings from work that are not included on the W-2 Forms.

**Mother's/Stepmother's Income Earned.** Use the instructions from the "Father's/Stepfather's Income Earned" section to answer this question.

**Untaxed Income and Benefits (Worksheet A).** Enter the total for Worksheet A (found on page 8 of the FAFSA). Worksheet A collects information about certain untaxed income and benefits. Your parents must be sure not to include any income or benefits already reported elsewhere on the application.

### **Worksheet A**

**Payments to Tax-Deferred Pension and Savings Plans.** Your parents must report money paid **into** tax-sheltered or deferred annuities (whether paid directly or withheld from earnings), including amounts reported on the W-2 Form, in Box 13, codes D, E, F, G, H, and S. You must include untaxed portions of your parents' 401(k) and 403(b) plans. Note that **employer contributions to tax-deferred pension and savings plans should not be reported** on the FAFSA as an untaxed benefit.

**Deductible IRA and/or Keogh Payments.** If your parents are eligible to exclude payments to an IRA/Keogh plan from taxation, those payments are reported as untaxed income. If payments to other pension funds are not excluded for tax purposes, they would already be included in AGI. IRA/Keogh plan payments can be found on IRS 1040 — total of lines 23 and 29; 1040A — line 15.

**Child-support Received.** Report child support your parents received for all children during 1999. Do not include foster care or adoption payments.

**Welfare Benefits (including TANF Payments).** Type the total amount of welfare benefits your parents received **including** Temporary Assistance for Needy Families (TANF) for 1999. Report the amount you received for the year — not monthly amounts. Do **not** include food stamps.

**Tax-exempt Interest Income.** Type the total amount of tax-exempt interest income your parents earned in 1999, as reported on Form 1040 — line 8b; or 1040A — line 8b.

**Foreign Income Exclusion.** The IRS allows eligible U.S. citizens and residents living in foreign countries to deduct certain foreign living expenses or to exclude a limited amount of income received for personal services rendered abroad from their income. Though deducted for tax purposes, this amount is considered untaxed income for federal student aid purposes. Provide the total amount of the foreign income exclusion your parents reported in 1999 from Form 2555 — line 43; or Form 2555EZ — line 18.

**Untaxed Portions of Pensions.** Payments **from** an untaxed portion of a pension or annuity must be reported as taxable income or untaxed income, as appropriate. The full amount of the distribution must be reported, whether a lump-sum or an annual distribution. The untaxed portion of such a pension and/or annuity payment can be calculated by adding Form 1040: (line 15a minus line 15b) *plus* (line 16a minus line 16b); or 1040A: (line 10a minus line 10b) *plus* (line 11a minus line 11b).

The only **exception to reporting IRA or pension** distributions as income is when these **distributions are rolled over** to another IRA or retirement plan within 60 days following the day on which your parents receive the distribution from the initial IRA or retirement plan.

**Special Fuels Credit.** Enter the total amount of credit for federal tax on special fuels your parents reported in 1999, from IRS Form 4136 — line 9 (non-farmers only).

**Untaxed Social Security Payments.** If Social Security Benefits are paid to your parents on your behalf (because you were under 18 years old at the time), those benefits are reported as your parents' income, not your income.

Your parents must report benefits received on behalf of persons included in their household size as their income. However, if a member of your parents'

household, such as an uncle or grandmother, receives benefits in his or her own name, your parents do not report those benefits. (Remember, such persons may not be included in household size if they receive in their own names more than half of their support through such benefits.)

The actual amount of benefits received for the year in question must be reported, even if that amount represents an underpayment or an overpayment that may be compensated for in the next year. This parallels the IRS treatment of overpayments of taxable income (such as salary) that must be reported and are taxed as any other income. However, if the underpayment or overpayment was adjusted in the same year, only the net amount received during that year would be reported.

**Housing Allowances.** Housing, food, and other living allowances provided to your parents must be reported. This applies to compensation that some people, particularly clergy and military personnel, receive for their jobs. If your parents received free room and board in 1999 for a job that was not awarded as student financial aid, they must report the value of the room and board as untaxed income. (This category, "housing allowances," excludes rent subsidies for low-income housing.)

**Workers' Compensation.** Enter the total amount of workers' compensation that your parents received in 1999.

**Veterans Non-education Benefits.** Type the total amount of veterans non-education benefits your parents received in 1999. Veterans non-education benefits include Death Pension, Dependency and Indemnity Compensation (DIC), etc. Do not include veterans educational benefits such as the GI Bill, Dependents Education Assistance Program, VA Vocational Rehabilitation Program, and VEAP Benefits.

**Other Untaxed Income and Benefits.** You must report VA Educational Work-Study allowances as untaxed income. However, do **not** include contributions to, or payments from, flexible spending arrangements (also known as "cafeteria plans"), because these are essentially employee benefit programs. Also, do **not** include student aid or educational Workforce Investment Act (WIA) (formerly JTPA) benefits.

Certain income and benefits should **not** be reported on this worksheet:

- **Food stamps and other "in-kind" assistance.** Benefits received from federal, state, or local governments from the following programs are not counted as untaxed income: the Food Stamp Program; Women, Infants, and Children Program; Food Distribution Program; Commodity Supplemental Food

Program; National School Lunch and School Breakfast Programs; Summer Food Service Program; and Special Milk Program for Children.

- **Dependent Assistance.** Your parents may be eligible to exclude a limited amount of benefits received for dependent care assistance if certain requirements are met. Generally, up to \$5,000 of benefits may be excluded from an employee's gross income, or \$2,500 for a married employee who files a separate return from his or her spouse. This exclusion cannot exceed the employee's (or his or her spouse's) earned income. (Note: Some states provide reimbursement for childcare expenses incurred by welfare recipients through TANF. Your parents must report this on the application because they bill the state for the amount of childcare costs incurred while on welfare and are reimbursed on that basis.)
- **Per capita payments to Native Americans.** Your parents should not report individual per capita payments received in 1999 from the Per Capita Act or the Distribution of Judgment Funds Act unless any individual payment exceeds \$2,000. Thus, if an individual payment were \$1,500, they would not report it on an application. However, if a payment were \$2,500, they would report the amount that exceeds \$2,000: \$500.
- **Heating/fuel assistance.** Exclude from consideration as income or resources any payments or allowances received under the Low-Income Home Energy Assistance Act (LIHEA). (Note: Payments under the LIHEA are made through state programs that may have different names.)

End of Worksheet A

**Exclusions from Taxed Income (Worksheet B).** Worksheet B on page 8 of the FAFSA will help you calculate exclusions from your parents' taxed income, such as work-study earnings. Because the items listed in this worksheet will be entered on the form and excluded from income when the Department's processor performs the EFC calculation, your parents should **not** subtract them from their responses to the income questions in Step Four. These amounts should be calculated on the basis of what was received between January 1, 1999 and December 31, 1999 and not what was received during the school year.

## **Worksheet B**

**Education Credits.** The Hope Scholarship is available to students or parents who pay tuition and related expenses for attendance at least half time in a degree-granting program. Unlike a scholarship or a tax deduction, the Hope Scholarship is a tax credit, and can be subtracted directly from the total federal tax on a tax return. The Lifetime Learning Credit provides a tax credit to parents and/or students of up to 20% of the first \$5,000 of total annual educational expenses, up to \$1,000 annually. Unlike the Hope Scholarship, the Lifetime Learning Credit does not require students to be in their first two years of study and does not require at least half-time enrollment. Your parents may not claim both the Hope Scholarship and the Lifetime Learning Credit on their taxes for the same student in the same tax year. Enter the total amount of education credits (Hope and Lifetime Learning Credits) your parents received in 1999, from Form 1040 — line 44; or 1040A — line 29. For more information about these tax credits, visit the IRS web site at <http://www.irs.gov/hot/not97-60.html>

**Child-support Payments.** Report any child-support payments your parent(s) paid during 1999 because of divorce or separation as an exclusion if that parent's income is reported on the FAFSA. Do not include support for children in your parents' household, as reported in the "number in household" question. For purposes of the FAFSA, a child is a member of your parents' household if your parents provide more than half of the child's support, whether or not the child lives with them.

**Taxable Earnings from Work-study or Other Need-based Work Programs.** Report earnings from work as income on the financial aid application in the AGI or income earned questions. However, if those earnings are part of a financial aid package and are intended as need-based financial assistance, they are also reported on Worksheet B.

**AmeriCorps Awards.** The National and Community Service Trust Act (commonly called the AmeriCorps Program) provides its members with full-time educational awards in exchange for community service. Any living

allowance (**but not earnings**) received under this program should be reported on Worksheet B.

**Grant and Scholarship Aid.** Any grant or scholarship aid that was reported on your parents' 1999 income tax form (because it was in excess of tuition, fees, books, and required supplies) should be reported on Worksheet B.

End of Worksheet B



**Total Current Cash, Savings and Checking Account Balance.** Include the balance of checking or savings accounts **as of the date the FAFSA is signed** unless your parents do not have access to the money because the state declared a bank emergency due to the insolvency of a private deposit insurance fund.

## **Asset Information**

An asset is defined as property that has an exchange value. The purpose of collecting asset information is to determine if your family's assets are substantial enough to support a contribution toward your cost of attendance (COA). Only the net asset value is counted in the need analysis; that is, any debts against assets are subtracted from their value.

Previous versions of the FAFSA required students and parents to complete a Simplified Needs Worksheet to determine whether they would be required to list their assets on the FAFSA. While the current FAFSA does not require you to complete a Simplified Needs Worksheet, the Department's processor will still determine whether you or your parents qualify for a Simplified Needs calculation.

If your parents do qualify for the Simplified Needs calculation, their assets will not be taken into account when determining their EFC for federal student aid. However, state agencies, private scholarship groups, postsecondary schools, or other groups may require asset information for nonfederal student aid purposes.

## **Ownership of an Asset**

Ownership of an asset may be divided or contested in several situations:

- **Part ownership of asset.** If your parents have only part ownership of an asset, they should report only that part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership, unless the share of the asset is determined by the amount invested or the terms of the ownership arrangement.
- **Contested ownership.** An asset should not be reported if its ownership is being contested. For instance, if your parents are separated and they may not sell or borrow against jointly owned property that is being contested, the FAFSA information they report would not list any value for the property or any debts against it. If ownership of the asset is resolved after the initial application is filed, they are not required to update this

information. However, if ownership of the property is not being contested, they would report the property as an asset.

- **Lien against asset.** If there is a lien or imminent foreclosure against an asset, the asset would still be reported until the party holding the lien or making the foreclosure completes legal action to take possession of the asset.

## **Assets that Are Not Reported**

Examples of assets that are not reported follow:

- **Principal place of residence/family farm.** Your parents' principal place of residence is not reported as an asset. Neither is their family farm if the farm is their principal place of residence and your family claimed on Schedule F of the tax return that it "materially participated in the farm's operation." In certain instances, however, even if the family farm is incorporated and your family files a corporate return instead of IRS Schedule F, the value and debt of the farm are not reported on the FAFSA. In such cases, you must present evidence that family members own all shares of stock in the corporation and that those family members also reside on the farm.
- **Personal possessions.** Do not report possessions such as a car, a stereo, clothes, or furniture. By the same token, personal debts such as credit card debt cannot be reported.

**Net Worth of Investments.** Investments include real estate such as rental property, land, and second or summer homes. Do not include your parents' home. Include the value of portions of multifamily dwellings that are not your parents' principal residence. Investments also include trust funds, money market funds, mutual funds, certificates of deposit, stocks, bonds, other securities, Education IRAs, installment and land sale contracts (including mortgages held), commodities, precious and strategic metals, etc. Do not include the value of life insurance and retirement plans (pension funds, annuities, non-Education IRAs, Keogh plans, etc.)

The money in an Education IRA is an asset for the student beneficiary because an Education IRA is not a retirement account. It is essentially a savings account to be used for a student's educational expenses. Therefore, you must report the amount in an Educational IRA with the **student beneficiary's** investments, not here, unless you are the student beneficiary for whom the Education IRA was established.

$$\text{Investment Value} - \text{Investment Debt} = \text{Net Worth of Investments}$$

If your parents own real estate or investments other than their principal residence, the value equals the amount they are worth today. **(Do not write this amount in for net worth of investments.)**

Investment debt equals how much your parents owe on real estate and investments other than their principal place of residence. Investment debt means only those debts that are related to the investments. **(Do not write this amount in for net worth of investments.)**

Subtract the amount of debt on these assets from their value. **Write this amount in for net worth of investments.**

## **Investments**

**Rental properties.** Generally, rental properties must be reported as investment assets rather than as business assets. To be reported as a business, a rental property would have to be part of a formally recognized business. (Usually such a business would provide additional services, such as regular cleaning, linen, or maid service.)

**"Take-back" mortgages.** In a "take-back" mortgage, the seller takes back a portion of the mortgage from the buyer and arranges for the buyer to repay that portion of the mortgage to the seller. For IRS purposes, the seller must report the interest portion of any payments received from the buyer on Schedule B of IRS Form 1040. If an amount is reported on this line of the tax return, the family probably has an asset that should be reported on the FAFSA.

**Trust funds and tuition prepayment plans.** If trust funds are in your parents' names, they should be reported as their asset on the application. In the case of divorce or separation, where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes, unless the terms of the trust specify some other method of division.

How the trust must be reported varies according to whether your parents receive or will receive the interest income, the trust principal, or both. If your parents receive only interest from the trust, any interest received in the base year must be reported as income. Even if interest accumulates in the trust and is not paid out during the year, if your parents will receive the interest, they must report an asset value for the interest you will receive in the future. The trust officer can usually calculate the present value of interest they will receive while the trust exists. This value represents the amount a third person would be willing to pay to receive the interest income your parents will receive from the trust in the future.

The present value of the principal is the amount a third person would pay at present for the right to receive the principal when the trust ends (basically, the amount that one would have to deposit now to receive the amount of the principal when the trust ends, including the accumulated interest). Again, present value can be calculated by the trust officer.

As a general rule, your parents must report the present value of the trust as an asset, even if their access to the trust is restricted as beneficiary(ies). If the creator of a trust has voluntarily placed restrictions on the use of the trust, then they should report the trust in the same manner as if there were no restrictions. However, if a trust has been restricted by court order, they should not report it as an asset. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

Note that the value of a Michigan Education Trust and all similar tuition prepayment plans are excluded from being reported as assets on the FAFSA. (The annual value of the tuition prepayment will be taken into account when the school packages your aid.)

**Net Worth of Business.** Business value includes the current market value of land, buildings, machinery, equipment, inventories, patents, copyrights, franchises, etc. Do not include your primary home, even if it is part of the business.

$$\text{Business Value} - \text{Business Debt} = \text{Net Worth of Business}$$

For business value, if your parents own a business, first figure out how much the business is worth today. **(Do not write this amount in for net worth of business.)**

Business debts are what your parents owe on the business. Include only the present mortgage and related debts for which the business was used as collateral. **(Do not write this amount in for net worth of business.)**

Subtract the amount of business debt from the business value. **Write in this amount for net worth of business.**

To report current market value for a business, you must use the amount for which the business could sell as of the date of the application. Also, if your parents are not the sole owners of the business, they should report only their share of its value and debt.

**Net Worth of Investment Farm.** An investment farm is any farm that does not meet the definition of a family farm. A family farm is a farm that is your parents' principal place of residence and one on which they materially

participate in the farm's operation. Investment farms include the current market value of land, buildings, machinery, equipment, livestock, inventories, etc.

When current market value for a farm is reported, it must be the amount for which the farm could sell as of the date of the application. Also, if your parents are not the sole owners of the farm, you should report only their share of the value and the debt. As noted earlier, do not report a family farm as an asset.

**Investment Farm Value - Investment Farm Debt = Net Worth of Investment Farm**

For investment farm value, if your parents own an investment farm, first figure out how much the investment farm is worth today. **(Do not write this amount in for net worth of investment farm.)**

Investment farm debt is what your parents owe on the investment farm. Include only the present mortgage and related debts for which the farm was used as collateral, as well as any loan for which farm assets were used as collateral. **(Do not write this amount in for net worth of investment farm.)**

To determine net worth of an investment farm, subtract the amount of investment farm debt from investment farm value. **Write in this amount for net worth of investment farm.**

## Step Five

**Purpose:** The number of family members you report determines the allowance that will be subtracted from your family's income to account for basic living expenses when the Department's processor calculates your EFC. The number of family members in college directly affects your family's ability to contribute to your education costs. EFC is divided by the number of family members in college. You should only complete this step if you answered "yes" to any of the questions in Step Three.

**Number in Student's (and Spouse's) Household.** The following persons are included in the household size of an independent student:

- **you;**
- **your spouse**, excluding a spouse not living in the household as a result of death, separation, or divorce;
- **your children**, if they received or will receive more than half of their support from your household between July 1, 2000 and June 30, 2001;
- **your unborn child**, if that child will be born before or during the award year and your household will provide more than half

- of the child's support from the projected date of birth to the end of the award year (if there is a medical determination of a multiple birth, then all expected children can be included); and
- **other persons**, if they live with you and receive more than half of their support from your household at the time of application and will continue to receive that support for the entire 2000-2001 award year (July 1, 2000 through June 30, 2001).

To determine whether to include children in your household size, the "support" test is used (rather than a residency requirement) because there may be situations in which you support a child who does not live with you, especially in cases of divorce or separation. In such cases, the parent who provides more than half of the child's support may claim the child in his or her household size. It does not matter which parent claims the child as a dependent for tax purposes. If you receive benefits (such as Social Security or AFDC payments) in the child's name, these benefits must be counted as parental support to the child.

Support includes money, gifts, loans, housing, food, clothes, cars, medical and dental care, payment of college costs, etc.

**Number of College Students in Household.** This question asks about the number of household members who, in 2000-2001, are or will be enrolled in a postsecondary school. **Do not include your parents.** To be counted, the enrolled household member (excluding your parents) must be attending at least half time and working toward a degree or certificate leading to a recognized education credential at a postsecondary school eligible to participate in any of the federal student aid programs. **You (the student applying for aid) should always be included even if you are enrolled less than half time.**

## Step Six

**Purpose:** This section permits you to list up to six schools that you are interested in attending. The Department will send your information to all the schools listed. You should list each school's Federal School Code. List the school you are most likely to attend first.

If you want information sent to more than six schools, there are several ways to make sure all the schools receive your data:

- You can give your Data Release Number (DRN), printed on the Student Aid Report (SAR) you receive after submitting your FAFSA, to a school. The school will use your DRN to get a copy of your application information electronically.

- You can list six schools on the application, wait for your SAR to arrive in the mail, and then correct the SAR by replacing some or all of the original six schools with other schools. After the application is processed, you may also send a letter to the Department's processor requesting changes in the list of schools; in this case, all six schools from the original application will be replaced with the schools you list in the letter. Corrections made at the same time as changes made to the original list (or later) will not be sent to the schools that have been replaced with new schools.
- You can call the Federal Student Aid Information Center at 1-800/433-3243 to request changes to the schools to which the SAR was sent. You must receive your SAR before requesting these changes.
- You can give a photocopy of your SAR to any school that participates in the federal student aid programs.
- You can make corrections to your FAFSA over the web at <http://www.fafsa.ed.gov>

The Department's processor will send data to only six schools at a time for one student. For example, if you originally listed six schools on the application and then replaced all six with new schools by changing your SAR, only the second set of six schools would get data from this correction. If you then made other corrections, only the second set of schools would get the corrected data.

**Federal School Code.** The Department assigns a number called a Federal School Code (previously called a Title IV School Code) to each school qualified to disburse financial aid. For a school to receive your application data, you must list the school's Federal School Code or name and address. The FAFSA will be processed faster if you write in the Federal School Code and the name of the school. These codes are not in the FAFSA instructions; they are provided in the "Federal School Code List" that the Department sends to high schools, colleges, and public libraries each fall around the same time the FAFSAs are distributed. The Department also makes this list available on the web. You can find a **link** to the Federal School Code List at <http://www.ed.gov/studentaid>

The Federal School Code is always a six-character code that begins with "0" (zero), "G," "B," or "E." **Foreign schools** may qualify to disburse aid, but some may not have Federal School Codes.

If you cannot get the Federal School Code, write in the complete **name, address, city, and state** of each college you are interested in attending. **Write clearly.** It is very important to write the correct city and state or Federal School Code so that your college can be identified. If a college is a branch campus, include the

complete name of the branch. Also, indicate if it is a specific part of a university, such as the law school.

By answering the questions in Step Six and signing the FAFSA, you give permission to the U.S. Department of Education to provide your application information to the college(s) listed. You also agree that any aid you are awarded will be used for educational purposes only, as stated on the application. Colleges will use your FAFSA information to help estimate the amount of your financial aid package. You should not write in the name of a college if you do not want it to receive your information. If you leave these questions blank, the Department will not send your application information to any colleges.

**Housing Plans.** For each school listed, enter the expected housing code for your housing plans at that school: enter "1" for on campus, "2" for off campus, and "3" for with parents. Continue in the same way for all schools listed if you are applying to more than one college. Do not write more than one college and housing code on each line.

## Step Seven

**Purpose:** This section asks for your signature, your parent's signature if you are a dependent student, and the date you completed the FAFSA.

**Student/Parent Signatures.** You must sign and date the FAFSA. If unsigned, it will be returned unprocessed. If you provided parent information in Step Four, one parent whose information is provided must also sign. **You (and anyone else who signs the form) certify that all information on the form is correct** and that everyone is willing to provide documents to prove that the information is correct. Such documents may include U.S. or state tax returns and Worksheets A and B. By signing the FAFSA, you give the Secretary of Education the **authority to verify income reported on the FAFSA** with the IRS. Do not sign, date, or mail the FAFSA before January 1, 2000. If sent in before this date, the form will be returned unprocessed.

If you apply for aid using *FAFSA on the Web* or *FAFSA Express*, you will be directed to use your PIN to electronically sign your application, or print out and mail in a signature page for your application to be processed. You should mail this signature page *immediately* after submitting your electronic application. If the Department does not receive a signature page within fourteen days of receiving your electronic application, the Department will send you a rejected Student Aid Report (SAR). Sign this SAR and return it to the Department's processor to have your application information processed. If you do not have access to a printer, you should indicate this at the time you submit



your application. In this case, the processor will immediately generate a rejected SAR and mail it to you to sign and return.

If you apply for aid using *Renewal FAFSA on the Web*, you do not need to submit a signature page. The PIN, formerly called an Electronic Access Code (EAC), that you use to access that web site is considered by the Department to be your electronic signature. Do not share this number with anyone. If you are a dependent student using *Renewal FAFSA on the Web*, your parent will still have to submit a signature page or use their PIN.

To obtain a PIN or for more information about *Renewal FAFSA on the Web*, go to the PIN web site at <http://pin.ed.gov>

By signing the FAFSA, you also give permission to the state financial aid agency to which information is being sent to obtain income tax information for all persons required to report income and for all periods reported on this form.

Although parental information must be provided for a dependent student, a high school counselor or a postsecondary school's financial aid administrator (FAA) may sign the application in place of your parent(s) if

- your parent(s) are not currently in the U.S. and cannot be contacted by normal means,
- your parent(s)' current address is not known, or
- your parent(s) have been determined physically or mentally incapable of providing a signature.

If you are a dependent student, you cannot get federal aid without your parent(s)' financial information and signature on the FAFSA. Unless your parent(s) is unable to sign for one of the reasons listed above, your FAA cannot sign in place of him or her. Your parent(s)' unwillingness to sign the FAFSA or provide financial information is not, in and of itself, a reason for the FAA to sign your FAFSA in place of him or her.

If your counselor or FAA signs the FAFSA in place of your parents, he or she should provide his or her title when signing and briefly state the reason (only one reason is needed) why he or she is signing for your parent(s). By signing your application, however, your counselor or FAA does not assume any responsibility or liability in this process. If the FAA finds any inaccuracies in the information reported, he or she will direct you to submit corrections.

**Preparer's Name/Social Security Number/Signature.** The law requires that if anyone other than you, your spouse, or your parents prepares the application, then the preparer must write in his or her name, the firm/company name (if applicable), the firm/company address, and either the firm/company's

Employer Identification Number (EIN) (as assigned by the IRS) or the preparer's SSN.

High school counselors, FAAs, and others who help students with their applications by actually filling out line items on the form or dictating responses to items on the form are considered preparers, even if unpaid for their services.

### **how do I send in my form?**

Double-check your answers to make sure they are complete and accurate. Be sure you have provided the necessary signatures. Do not send money; this is a free application. Do not put letters, tax forms, Worksheets A and B, or any extra materials in the envelope. **They will be destroyed.** Put the form (pages 3 through 6) in the envelope provided. If no envelope is provided, mail the FAFSA to:

Federal Student Aid Programs  
P.O. Box 4015  
Mt. Vernon, IL 62864-8615

The original FAFSA **must be received no later than July 2, 2001**. Do not send in the FAFSA before January 1, 2000, or it will be returned unprocessed. 2000-2001 FAFSAs received after July 2, 2001 will not be processed.

State and school deadlines may be as early as January 2000. Check with your school's aid office to make sure you meet all aid deadlines.

You should make a copy of the FAFSA for your files before sending in the original. Keep the original Worksheet A and Worksheet B with this copy. Your school may ask to see them later.

If you, your spouse, or your parents have unusual circumstances (such as loss of employment or major medical expenses) that might affect your need for financial aid, you should notify the financial aid offices at all of the schools listed on the FAFSA (or those schools you expect to apply to) as soon as possible.

### **how is my Social Security Number used (the Privacy Act)?**

The Department of Education (the Department) uses the information that you provide on the FAFSA to determine if you are eligible to receive federal student financial aid and the amount that you are eligible to receive. Sections 483 and 484 of the Higher Education Act of 1965, as amended, give the

Department the authority to ask you and your parents these questions and to collect the Social Security Numbers of you and your parents.

State and institutional student financial aid programs may also use the information that you provide on the FAFSA to determine if you are eligible to receive state and institutional aid and the need that you have for such aid. Therefore, the Department will disclose the information that you provide on this form to each institution you list in questions 88–99, state agencies in your state of legal residence, and the state agencies of the states in which the colleges that you list in questions 88–99 are located.

If you are applying solely for federal aid, you must answer all of the following questions that apply to you: 1-9, 14-16, 25, 28-30, 33-34, 37-41, 43-51, 54-60, 65-67, 70-75, 77-87, and 100-101. If you do not answer these questions, you will not receive federal aid.

Without your consent, the Department may disclose information that you provide to entities under a published “routine use.” Under such a routine use, we may disclose information to third parties we have authorized to assist us in administering our programs, to other federal agencies under computer-matching programs, such as the Internal Revenue Service, Social Security Administration, Selective Service System, Immigration and Naturalization Service, and Department of Veterans Affairs, to your parents or your spouse, and to members of Congress if you ask them to look into student aid issues.

If the federal government, the U.S. Department of Education, or an employee of the U.S. Department of Education is involved in litigation, the Department may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain conditions are met. In addition, the Department may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, the Department may send information regarding a claim that is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from its records, the amount, status, and history of the claim, and the program under which the claim arose.

## **The Paperwork Reduction Act of 1995**

The Paperwork Reduction Act of 1995 says that no one is required to respond to a collection of information unless it displays a valid OMB control number, which for the FAFSA is 1845-0001. The time required to complete the paper FAFSA is estimated to be one hour per application, including time to review

instructions, search data resources, gather the data needed, and complete and review the information collection.

## **Frequently Asked Questions**

### **Who can I call for help with answering FAFSA questions?**

You can call the Federal Student Aid Information Center at 1-800/4-FED-AID with questions about your application or about federal student financial aid in general.

### **Why does the Department of Education ask for income information from the year before I go to school?**

Studies have consistently shown that verifiable income tax information from the base year (1999 for the 2000-2001 award year) is more accurate than projected (2000) information when estimating how much the family will be able to contribute during the coming school year.

### **What should I (the student) do if my family has special circumstances that aren't mentioned in the application?**

Talk to your financial aid administrator (FAA). If your family's circumstances have changed from the base year (1999) due to loss of employment, loss of benefits, death, or divorce, the FAA may decide to adjust data elements used to calculate your EFC which may increase your eligibility for student aid.

### **I'm not sure if I want to take out a student loan. What should I enter for the question asking if I am interested in student loans?**

Answer "Yes" if you will consider taking out a loan. Most students do take out student loans. You can change your mind later. Some schools use this information to put together a financial aid package for you. You are not obligated to accept any aid listed in your financial aid package. If you will consider work-study, answer "Yes" to the question asking if you are interested in work-study as well. You can change your mind later. Answering "No" when you fill out the FAFSA could mean that your school awards its aid funds to other students; you may not have a later opportunity to be awarded aid.

### **If I live with an aunt, uncle, or grandparent, should that relative's income be reported instead of parental information?**

Only if the relative is your adoptive parent. Dependent students can be considered dependent only on their parent(s) and may report only parental

information on the FAFSA. You must report any cash support given by relatives, but not in-kind support (such as food and housing) from relatives.

### **How do I answer the question asking about drug-related offenses?**

If you have never been convicted of any illegal drug offense, enter a “1” for this question and continue filling out the FAFSA. If you have been convicted of an illegal drug offense or have additional questions, call 1-800/4-FED-AID or go to <http://fafsa.ed.gov/q28>

### **What if I live with a girlfriend or boyfriend who pays the rent?**

You should not report any information for a friend or roommate unless the two of you are actually married or are considered to have a common-law marriage under state law. You must report any cash support given by the friend as untaxed income but should not report in-kind support (such as food). You would have to report as income the rent the roommate paid if your name were on the lease and if the roommate were paying the rent on your behalf.

### **When is work considered student aid?**

Generally, grants and scholarships that do not exceed tuition, fees, books, and required supplies are not considered to be taxed or untaxed income. If you have an ROTC scholarship, a private scholarship, or any other kind of grant or scholarship, that grant or scholarship will be considered as an available resource by the financial aid office when packaging aid but will not be reported as income on the application.

You should report grants and scholarships you reported on your tax return (because they are in excess of tuition, fees, books, and required supplies). You should report these items as exclusions from income on Worksheet B.

### **What's the difference between cash support and in-kind support?**

Cash support is support given either in the form of money or money that is paid on your (the student's) behalf. You must report cash support as untaxed income. Thus, if a friend or relative gives you grocery money, it must be reported as untaxed income on Worksheet A. If the friend or relative pays your electric bill or part of your rent, you must also report those payments.

Examples of in-kind support are free food or housing that a family receives, usually in exchange for work or services. You usually don't report such support.

However, the application does require you to report the value of housing a family receives as compensation for a job on Worksheet A. The most common example is free housing or a housing allowance provided to military personnel or clergy.

**I am now a U.S. citizen but have an Alien Registration Number (ARN). Which box do I check?**

Check the U.S. citizen box — do not check both, as this would cause a problem with the application. If you have attained citizenship, do not give an ARN. ARNs are associated with being an eligible non-citizen for purposes of applying for federal student aid.

**I'm going to get married this summer. How do I answer the question that asks if I am married?**

Answer "Yes" if you are married on the day you sign the FAFSA. Otherwise, answer "No." The FAFSA is a snapshot of your status the day it is signed; it does not forecast changes such as marriage.

**Why must I report the highest school level my parents completed?**

Some states and institutions make monies available to support students who are first-generation college students. It also serves statistical purposes. If you don't know the answer, select "Other/unknown."

**If I'm an emancipated minor, am I now independent?**

The status of emancipated minor is not recognized by the Department of Education for financial aid purposes; such a student must meet one of the other listed criteria to be independent.

**If I am in the National Guard or are an Active Duty military member, am I considered a veteran for purposes of filling out the FAFSA?**

If you were a member of the National Guard or were a Reservist called to Active Duty for other than training purposes and can verify that your release from Active Duty was other than dishonorable, you are considered a veteran for FAFSA purposes.

If you are on Active Duty in the Army, Navy, Air Force, Marines or Coast Guard, but will be a veteran by June 30, 2001 and can verify that your release from Active Duty is other than dishonorable, you are considered a veteran for FAFSA purposes. If your Active Duty will continue past June 30, 2001, however, you are not considered a veteran for FAFSA purposes.

**I'll be filing a tax return this year but I probably won't get around to it until April. How should I answer the financial questions? Should I wait to fill out this form until after I've filed my tax return?**

Ideally, you should complete a FAFSA after you've done your tax return, but don't wait until April. Many colleges award aid on a first-come, first-served basis. Also, you may not be eligible for state aid if you wait until April to submit your FAFSA. If you haven't submitted your tax return, you can use the Adjusted Gross Income (AGI) Worksheet to estimate your 1999 AGI. You may have to provide your college with a copy of your completed tax return before you receive federal student aid.

**If my parents are divorced, whose information do I need?**

The parent that you lived with the most during the past year. It does not make a difference which parent claims you as a dependent for tax purposes. If you did not live with either parent or lived equally with each parent, the parental information must be provided for the parent from whom you received the most financial support or the parent from whom you received the most support the last time support was given.

**I am entering financial information for my mother and stepfather on the form. Should I give my father's Social Security Number (SSN) and last name, or my stepfather's?**

You should provide the SSN and last name of the same person or people for whom you are reporting financial information. In this case, provide the SSNs and names of your mother and stepfather.

**What should you do if the parent with whom you live is remarried and the stepparent refuses to supply information?**

If you are a dependent student and your parent is remarried, the stepparent's information must be included or you will not be considered for federal student financial aid.

**How does a family decide who should be counted in the household size?**

Anyone in the immediate family who receives more than 50% support from a dependent student's parents or an independent student and spouse may be counted in the household size even if that person does not reside in the house, as in the case of a sibling who is over 24 but still in college and receiving the majority of support from parents. Siblings who are dependent as of the date you apply for aid are also included, regardless of whether they receive at least

50% of their support from their parents. Any other person who resides in the household and receives more than 50% support from the parents may also be counted such as an aunt or cousin, so long as the support is expected to continue from July 1, 2000 through June 30, 2001. An unborn child who will be born during the award year may also be counted in the household size. Household size and tax exemptions are not necessarily the same. Exemptions look at the previous year or tax year and household size refers to the school year for which the student is applying for aid.

**My brother is 28 years old and still lives with us. Do we count him in the number in my parents' household?**

Include your brother if he receives more than half his support from your parents and will continue to receive more than half his support from July 1, 2000 through June 30, 2001.

**My parents separated four months ago. I live with my mother. My parents filed a joint tax return and claimed me as an exemption. Do I report both their incomes, or just my mother's?**

Report only your mother's income and asset information because you lived with her the most during the past 12 months. Use a W-2 Form or other record(s) that show her share of the income reported and taxes paid on the tax return.

**If I (the student) am separated but filed a joint tax return, how is the information reported?**

You should give only your portion of the exemptions, income, and taxes paid.

**Who qualifies to be counted in the number in college?**

Any person who is counted in the household and will be attending any term of the academic year at least half time. **Do not, however, count your parents in the number in college.** The enrolled family member must attend an eligible program at an eligible institution. You (the student) need not be enrolled half time, however, to be counted in the number in college. To be counted in the number in college, the person must also be working toward a degree or certificate leading to a recognized education credential at a postsecondary school eligible to participate in federal student aid programs.

**What happens after I apply?**

If you submit a paper version of the FAFSA, the Department will send you a **Student Aid Report (SAR)** within four weeks. The SAR will either request further information or list a number called an **Expected Family Contribution**



(EFC). The Department uses a formula established by law to calculate your EFC from the information you provide. Your college uses your EFC to determine the amount of your federal grant, loan, or work-study award, if you are eligible. Your school must have your SAR information before the last date of the enrollment period during which you wish to be eligible for aid.

If you apply using *FAFSA on the Web* or *FAFSA Express* and send in a signature page rather than sign electronically, you will receive a SAR in the mail approximately one week after your completed application, **including a signature page**, is received.

### **What if you don't get a SAR or you need another copy of your SAR?**

If you do not get a SAR within four weeks, call the Federal Student Aid Information Center at 1-800/4-FED-AID. If you have a touch-tone phone, you can use the automated system to find out if your application has been processed or to request duplicate copies of your SAR. You will need to provide your Social Security Number and the first two letters of your last name. If you do not have a touch-tone phone, you can call 1-319/337-5665 to order duplicate copies of your SAR or to check on the status of your application. You can also check the status of your FAFSA on the web at <http://fafsa.ed.gov>

### **What should I do if my family's financial circumstances change, such as a parent losing a job, or large medical expenses?**

Some questions ask you to make projections, for example, about your family status for the coming year. If the answers to these questions change, you should check with the financial aid administrator(s) at the schools you are interested in attending as soon as possible. The income and expense information reported on this form must be accurate for the past year (1999), not for the coming year.

### **where can I find more information?**

For information on any federal student financial aid programs, you may call the Federal Student Aid Information Center (FSAIC) from 8 a.m. to 8 p.m. eastern time Monday through Friday at

- 1-800/4-FED-AID (1-800/433-3243) – toll-free, or
- 1-800/730-8913 (TDD only) – toll-free for the hearing impaired.

The toll-free line at the FSAIC provides the following services:

- checking the status of a financial aid application,
- mailing a duplicate SAR,
- changing your address,
- changing the schools you listed on your application,

- helping to complete the federal student aid application form (the FAFSA),
- explaining the SAR and how to make corrections,
- reviewing an application or correction in the case of a possible FAFSA processor data entry error,
- assisting with the drug offense question, Question 28 on the FAFSA,
- making a correction in the event of a processor data entry error,
- checking on whether a school participates in federal student aid programs,
- explaining who is eligible for federal student aid,
- explaining how federal student aid is awarded and paid,
- explaining the verification process, and
- mailing requested publications.

Inquiry Express, an automated service of the FSAIC, allows you to do the following if you have a touch-tone phone:

- check the status of a financial aid application, and
- order a duplicate SAR.

To use Inquiry Express, you must enter your Social Security Number and the first two letters of your last name.

The FSAIC is not able to

- make policy,
- expedite the federal student aid application process,
- discuss your federal student aid file with an unauthorized person,
- change your file without written, signed authorization (unless the Department's processor made a data entry error), or
- influence an individual school's financial aid policies.

If you have reason to suspect fraud, waste, or abuse involving federal student aid funds, you should call the U.S. Department of Education's Inspector General's toll-free hotline at:

1-800/MIS-USED (1-800/647-8733)

You may also access the Department's web site, which currently provides general information about the Department and access to many of the its publications. The main site address for information about the Department's financial aid programs is <http://www.ed.gov/studentaid>

The *Student Guide* explains the federal student financial assistance programs in detail and can be found at [http://www.ed.gov/prog\\_info/SFA/StudentGuide](http://www.ed.gov/prog_info/SFA/StudentGuide)

*Funding Your Education* is a free booklet that gives basic financial aid program information and can be found at [http://www.ed.gov/prog\\_info/SFA/FYE](http://www.ed.gov/prog_info/SFA/FYE)

*The EFC Formula Worksheets* are a set of forms that explain the need analysis calculation that produces the EFC. *School Shopping Tips* is a free guide about how to choose a school carefully. It suggests specific things to look for when choosing a school and a career. Both of these publications, as well as hard copies of the *Student Guide* and *Funding Your Education*, can be ordered from

Federal Student Aid Information Center  
P.O. Box 84  
Washington, DC 20044-0084

1-800/433-3243